



**Annual Report 1980**  
**NEWCO FINANCIAL CORPORATION**

**AR12**

**Principal Subsidiaries:**

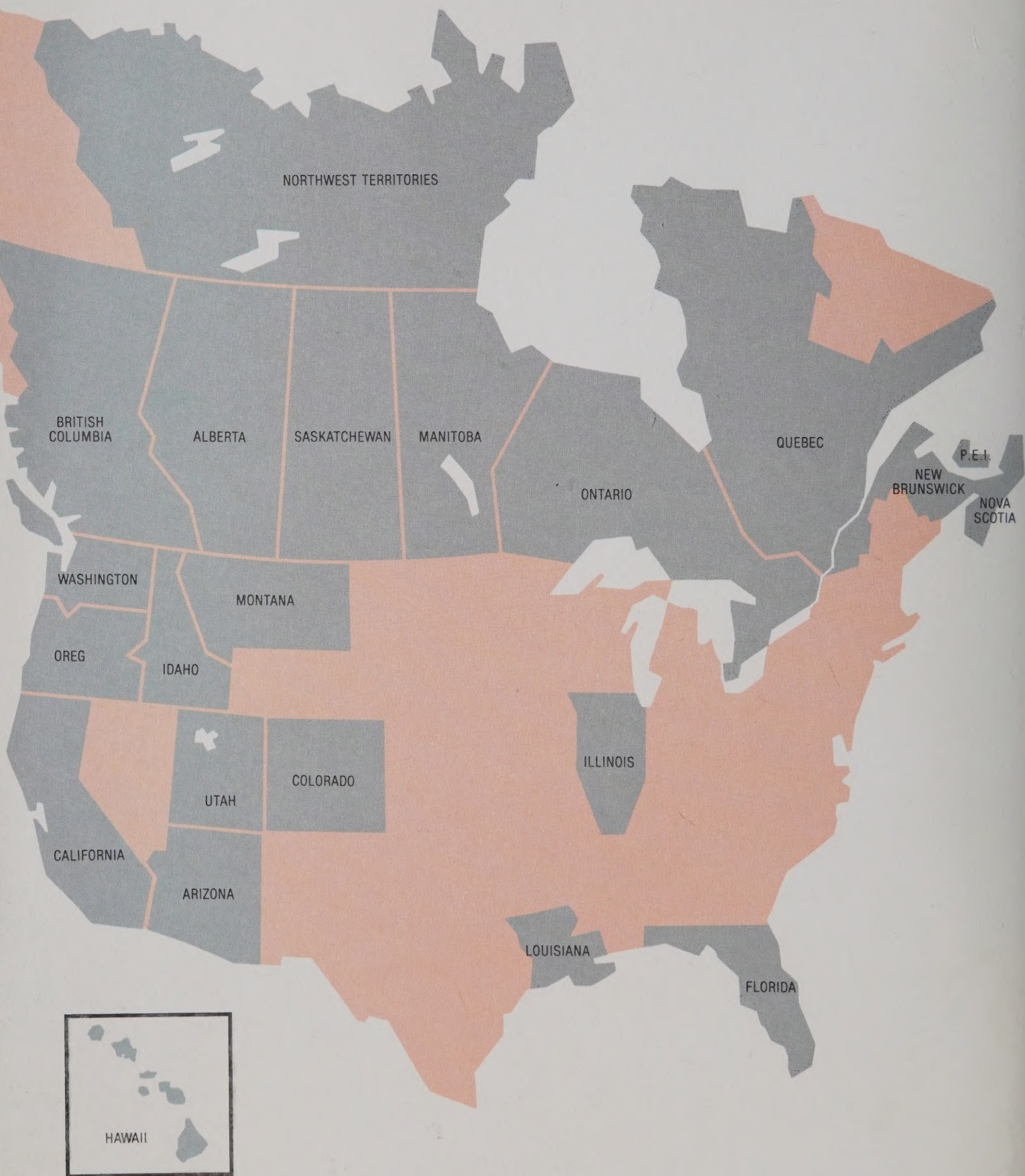
**The NORTH WEST LIFE**  
**Assurance Company of Canada**

**CITIZENS TRUST COMPANY**

*File*







The Company's agency force has grown to 1,723 agents operating from 70 general agencies and serving communities throughout Canada and the United States.



# Financial Highlights

(dollars in thousands)

	1980	1979	% Increase
<b>NEWCO FINANCIAL CORPORATION</b>			
Total Income .....	65,787	39,115	68
Total Assets .....	185,313	128,253	44
<b>The NORTH WEST LIFE Assurance Company of Canada</b>			
Life Insurance and Annuities Inforce .....	1,235,000	972,000	27
New Life Insurance and Annuities Issued .....	371,000	273,000	36
Total Assets .....	119,232	76,679	55
Total Revenues .....	59,510	34,037	75
<b>CITIZENS TRUST — Continental Estates Corporation</b>			
Total Income .....	5,342	3,787	41
Total Interest Expense .....	4,141	2,874	44
Total Mortgage Investments .....	45,020	30,681	47
Total Assets .....	51,792	33,484	55

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# Statistical Review

(dollars in thousands)

## NEWCO FINANCIAL CORPORATION

### Five Year Statistical Review

	1980	1979	1978	1977	1976
Total Assets .....	\$ 185,313	\$ 128,253	\$ 101,340	\$ 51,716	\$ 33,800
Capital & Surplus .....	13,082	13,167	12,442	11,691	11,716
Total Income .....	65,787	39,115	30,125	13,889	9,599
Net Income .....	1,277	1,264	666	799	664

## The NORTH WEST LIFE Assurance Company of Canada

### Five Year Statistical Review

	1980	1979	1978	1977	1976
Life Insurance and Annuities in Force .....	\$1,235,000	\$ 972,000	\$ 790,000	\$ 590,000	\$437,000
New Life Insurance and Annuities Issued .....	371,000	273,000	265,000	202,000	167,000
Mutual Fund Assets Under Administration .....	7,956	6,990	6,797	6,192	21,988
Total Assets .....	119,232	76,769	53,097	32,909	25,153
Total Revenue .....	59,510	34,037	28,097	13,107	9,038
Payment to Policyholders and Beneficiaries .....	12,105	6,265	4,001	3,119	2,599
Increase in Policy Reserves .....	40,320	21,825	19,164	6,076	3,327
Income before taxes .....	1,120	910	1,002	765	675
Net Income .....	1,120	896	564	747	655

## CITIZEN'S TRUST — Continental Estates Corporation

### Three Year Statistical Review

	1980	1979	1978
Assets .....	\$ 51,792	\$ 33,484	\$ 29,936
Mortgage Investments .....	45,020	30,681	20,016
Revenue .....	5,342	3,787	2,665*
Interest Expense .....	4,141	2,874	2,096*
Income before taxes .....	560	437	108*
Net Income .....	339	231	55*

\*Figures for period April 1 — December 31 only, due to change in fiscal year end.



## PRESIDENT'S REPORT FOR NEWCO FINANCIAL CORPORATION



I am pleased to report that the fiscal year ended December 31, 1980 marked another period of sustained growth for Newco Financial Corporation and its major subsidiaries. This performance at the beginning of a new decade augurs well for the future.

Newco's consolidated net income for 1980 rose to \$1,277,000 from \$1,264,000 in 1979 (restated from \$708,000). Total assets increased by more than \$57,000,000 during the year, from \$128,253,000 to \$185,313,000. In a year complicated by major and rapid swings in interest rates, investment income continued to reflect seasoned investment management, gaining 46%, from \$11,211,000 in 1979 to \$16,411,000 in 1980.

The North West Life Assurance Company of Canada, Newco's principal subsidiary, continued the dramatic record of growth which is detailed in the following report. Having achieved the enviable target of one billion dollars of life insurance in force during the opening weeks of 1980, the company continued to go from strength to strength, recording a 27% increase in life insurance business in force, including annuities, during the year. This figure rose from \$971,762,000 in fiscal 1979 to \$1,235,091,000 at year-end. Other operating results, as you will read, were equally laudable, and I have no hesitation in predicting that North West Life will attain the two billion dollar mark by 1983.

The other two major components of your company were not to be overshadowed. Citizens Trust Company, which received its Certificate of Registry on January 20, 1980, and Continental Estates Corporation, which was acquired in late 1978, showed growth in all areas of their operation. Combined assets grew by 55% and net income by 47%. Having acquired licenses to operate in other Canadian provinces, Citizens Trust is particularly well positioned for future growth. Details are contained in a following report. During 1980 our two mutual funds, managed by NW Fund Management Ltd., showed excellent performance. The NW Equity Fund which principally invests in United States Securities showed a growth in net asset value per share of 36.4 percent. Our NW Canadian Fund which invests in Canadian Securities and is qualified for Registered Retirement Savings Plans and Pension Plans showed an increase of 33.9 percent in net asset value per share. Although the North American economy will show rather sluggish growth in 1981 we continue to feel that common stocks are cheap whether one looks at prices relative to earnings or asset values.

The rapid rate of growth which your company has consistently achieved places a considerable burden on all members of staff. They have responded magnificently, with stamina, adaptability, dedication and high intelligence. The results recorded here in dollars and cents (results, incidentally, which were achieved in a virtually no-growth economic climate) are a distillation of individual and collective efforts. All members of staff, whatever their function, are truly deserving of our warmest congratulations.

Peter G. Ropchan  
President

# Consolidated Balance Sheet

(dollars in thousands)

## NEWCO FINANCIAL CORPORATION

(Continued under the Canada Business Corporation Act)

As at December 31,	1980	1979
<b>Assets</b>		(Restated)
Bonds	\$ 29,973	\$ 21,390
Stocks	10,056	9,348
Mortgage loans on real estate	95,586	69,094
Real estate property held for resale	2,893	534
Policy loans, secured by cash surrender values	13,866	7,105
Cash and term deposits	16,301	6,004
Segregated fund assets, at market value	1,442	1,251
Premium and investment income receivable	3,109	2,311
Fixed assets less accumulated depreciation and amortization of \$568,000 (1979 — \$427,000)	798	814
Investment in life insurance portfolio, fund management contracts and related agency forces (Note 2)	8,909	8,982
Other assets	2,380	1,420
	<u>\$185,313</u>	<u>\$128,253</u>
<b>Liabilities</b>		
Policy reserves	\$102,696	\$ 62,249
Debentures, savings and guaranteed investment certificates (Note 3)	46,833	30,982
Other obligations to policyholders	7,306	5,677
Segregated fund policy liabilities	1,236	1,049
Accounts payable and accrued liabilities	4,425	4,549
Demand bank loan and bank indebtedness	—	705
	162,496	105,211
Minority interest (Note 4)	9,487	9,645
Deferred income taxes	248	230
	<u>172,231</u>	<u>115,086</u>
<b>Capital Stock and Surplus</b>		
Capital Stock (Note 5)	5,687	5,382
Surplus	7,395	7,785
	13,082	13,167
	<u>\$185,313</u>	<u>\$128,253</u>

See accompanying Notes to Financial Statements

Approved by the Directors

**Peter G. Ropchan**  
**Gerald T. Corlett**

DIRECTOR  
DIRECTOR



# Consolidated Statement of Income

(dollars in thousands)

## NEWCO FINANCIAL CORPORATION

Year ended December 31,	1980	1979
<b>Income</b>		(Restated)
Life premiums and annuity considerations	\$48,449	\$27,143
Investment income	16,411	11,211
Mutual fund management and related fees	138	126
Other income	789	635
Total income	65,787	39,115
<b>Payments to policyholders, beneficiaries and depositors</b>		
Death benefits	2,225	1,754
Annuity benefits	747	656
Cash surrender values paid	8,397	3,099
Interest	4,192	2,894
Other	737	756
	16,298	9,159
<b>Insurance policy reserve provisions</b>	40,320	21,826
<b>Expenses</b>		
Sales	3,105	2,493
Administration	3,807	3,308
Depreciation	213	209
	7,125	6,010
Total payments, provisions and expenses	63,743	36,995
<b>Income before income taxes, minority interest and extraordinary item</b>	2,044	2,120
Income taxes (Note 8)	205	314
<b>Income before minority interest and extraordinary item</b>	1,839	1,806
Minority interest	574	582
<b>Income before extraordinary item</b>	1,265	1,224
Extraordinary item		
Reduction of income taxes due to application of loss carry forward	12	40
<b>Net income for the year</b>	\$ 1,277	\$ 1,264

See accompanying Notes to Financial Statements.

# Consolidated Statement of Surplus

(dollars in thousands)

## NEWCO FINANCIAL CORPORATION

Year ended December 31,	1980	1979
<b>Retained earnings (Note 6)</b>		(Restated)
Balance at beginning of year		
as previously reported	\$3,053	\$3,384
Prior period adjustments (Note 7)	611	55
Balance as restated	3,664	3,439
Net income for the year	1,277	1,264
	4,941	4,703
Cash dividends paid	1,230	164
Stock dividends paid (Note 5)	437	—
Transfer to surplus held for investment		
valuation and miscellaneous asset reserves	322	875
Balance at end of year	2,952	3,664
<b>Surplus held for investment valuation</b>		
<b>    and miscellaneous asset reserves</b>		
Balance at beginning of year	1,665	790
Transfer from retained earnings	322	875
Balance at end of year	1,987	1,665
<b>Contributed surplus</b>	2,456	2,456
<b>Total surplus</b>	\$7,395	\$7,785

See accompanying Notes to Financial Statements



# Notes to Consolidated Financial Statements

December 31, 1980

## NEWCO FINANCIAL CORPORATION

### 1. Summary of significant accounting policies.

**a. Principles of consolidation.** The consolidated financial statements include the accounts of the following wholly-owned subsidiaries:

The North West Life Assurance

Company of Canada

NW Fund Management Ltd.

NW Investments Ltd.

NW Growth Investments Ltd.

Continental Estates Corporation Ltd.

Citizen's Trust Company

Newco Printing Ltd.

Newco Realty Ltd.

NW Leasing Ltd.

All material inter-company transactions have been eliminated.

**b. Accounting policies.** A significant portion of the consolidated accounts represent the accounts of the Life Assurance subsidiary, which have been prepared on the basis of accounting practices prescribed or permitted by the Department of Insurance of Canada. A summary of these accounting policies follows:

Bonds are carried at amortized costs. Profits and losses on sales of bonds are amortized on a straight-line method to the date of maturity of the bond or over 20 years whichever is the earlier.

Stocks are carried at cost. This includes a portion of the difference between cost and market value and a deferred portion of the realized profit and losses on the sale of stock.

Mortgage loans on real estate are carried at their outstanding principal balance.

Real estate held is carried at cost.

Segregated investment funds are carried at market value.

Fixed assets are carried at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets.

Income taxes are reported on the taxes payable basis.

Statutory life policy and annuity contract reserves are determined using assumptions appropriate to the Company and the policies in force. For life insurance business the calculation assumes that the amount of acquisition expenses allowed by law is deferred and amortized over the premium paying period of the policies. Reserves for policies with cash surrender values are at least equal to that value. There are no negative reserves.

United States dollar items in these statements have been converted at par. If current rates of exchange had been used for all items, there would have been an increase in total assets of approximately \$9,603,000 and an increase in total liabilities of approximately \$9,256,000 resulting in an increase in retained earnings of \$347,000.

Accounting policies applicable to lines of business other than insurance are in accordance with generally accepted accounting principles.

Mortgages are carried at amortized cost less provision for losses. Premiums paid or discounts received are amortized on a straight-line basis over the remaining term of the loan.

Investments are carried at cost and gains and losses on sales are reflected in income.

Income taxes are accounted for by the tax allocation method. Under this method, provision is made in the year transactions affect net income as opposed to when such items are recognized for tax purposes. Differences between the provision for taxes and taxes currently payable are reflected as deferred income taxes.

### 2. Investment in life insurance portfolio, fund management contracts and related agency forces.

This amount arose principally during 1969 and 1970 on the acquisition of the Life Insurance and Mutual Fund Management subsidiary companies and represents the cost of the acquisition less the capital and surplus of the subsidiaries at the dates of acquisition.



# Notes to Consolidated Financial Statements (cont'd)

December 31, 1980

## NEWCO FINANCIAL CORPORATION

### 3. Debentures, savings and guaranteed investment certificates

#### a. Debentures issued and outstanding.

Debentures payable, including interest left on deposit to compound (1980 - \$1,883,000; 1979 - \$2,474,000), secured by a first floating charge on all the assets of the Company, consist of:

	1980	1979
Call debentures, including fixed term debentures due within 100 days of year end date, bearing interest at rates of 8% to 11- $\frac{1}{3}$ % per annum . . .	\$ 2,487,000	\$1,380,000
Fixed term debentures for terms varying from one to five years, bearing interest at rates of 8- $\frac{1}{4}$ % to 11- $\frac{1}{3}$ % per annum . . . . .	8,357,000	15,543,000
	<u>10,844,000</u>	<u>16,923,000</u>

#### b. Savings certificates issued and outstanding

Savings certificates, including interest left on deposit to compound (1980 - \$669,000; 1979 - \$318,000), consists of:

Call certificates, including fixed term certificates due within 100 days of year end date, bearing interest at rates of 9% to 13- $\frac{3}{4}$ % per annum . . . . .	870,000	2,939,000
Fixed term savings certificates for terms varying from one year to five years, bearing interest at rates of 8- $\frac{3}{4}$ % to 13- $\frac{3}{4}$ % per annum . . . . .	8,662,000	11,120,000
	<u>9,532,000</u>	<u>14,059,000</u>

#### c. Guaranteed investment certificates

Terms between 30 days  
and 5 years, annual interest  
rates ranging between 10%  
and 15- $\frac{1}{2}$ % . . . . .

26,457,000

\$46,833,000

\$30,982,000

#### 4. Minority interest

Included in minority interest is \$9,456,000 which represents 1,929,858 issued redeemable, cumulative, 6% preferred shares of NW Growth Investments Ltd. The holders of redeemable preferred shares are entitled to receive fixed preferential cumulative cash dividends at the rate of 6% per annum.

After January 1, 1988, the Company has the right to redeem the outstanding redeemable preferred shares for the issue price of \$4.90 per share plus the amount of \$1.00 per share.

If all accrued and unpaid dividends on the redeemable preferred shares have been fully paid, the Board of Directors may declare further dividends which shall be paid to both the common shares and redeemable preferred shares as follows:

- 60% of such additional dividends to the common shares;
- 40% of such additional dividends to the redeemable preferred shares.

The Board of Directors is of the opinion that no additional dividends will be declared for the foreseeable future as it is in the best interests of the Company to reinvest all earnings to ensure its continued growth and profitability.



## NEWCO FINANCIAL CORPORATION

### 5. Capital stock

#### Authorized

23,000 Class A 8-5/8%  
cumulative, redeemable,  
retractable preferred  
shares, par value \$100.

15,820 Class B 8-1/4%  
cumulative, redeemable,  
retractable preferred  
shares, par value \$100.

4,190 common shares of no par value

#### Issued and fully paid

Shares

##### Class A preferred shares

Issued during the year to NW Growth Investments Ltd. ....	23,000	\$2,300,000
Redeemed during the year for cash .....	5,000	500,000
Issued at December 31, 1980 and eliminated on consolidation .....	18,000	1,800,000

##### Class B preferred shares

Issued during the year as a stock dividend .....	4,368	436,800
Redeemed during the year for cash .....	1,316	131,600
Issued at December 31, 1980 .....	3,052	305,200

<b>Common shares</b> .....	1,130	5,382,000
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<b>Total capital stock</b> .....		5,687,200
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### 7. Accounting policy change and prior period adjustments

The Company has retroactively adopted the accounting policy of consolidating 100% of NW Growth Investments Ltd. earnings, after accounting for the 6% dividend on that company's preferred shares. This has resulted in increasing the net income for 1980 by \$52,000, for 1979 by \$115,000 and the 1979 opening retained earnings by \$105,000.

A review in 1980 of the insurance and annuity reserves required a reduction of \$140,000 in the 1979 reserve.

Income tax provisions for 1978 and 1979 were adjusted on recomputation. The 1978 provision required an increase of \$50,000 while the 1979 provision was reduced by \$315,000.

### 8. Income taxes

	1980	1979
Current .....	\$ 187,000	\$ 231,000
Deferred .....	18,000	83,000
	<u>\$ 205,000</u>	<u>\$ 314,000</u>

### 9. Related party transactions

Mortgages outstanding with officers of the Company and its subsidiaries total \$365,000.

### 10. Commitments

The Company has premises and computer equipment lease commitments of \$310,000 per annum.

### 6. Surplus

Included in the consolidated retained earnings is an amount of \$705,000 which represents the retained earnings of NW Growth Investments Ltd. NW Growth Investments Ltd. preferred shares carry certain rights as set out in Note 4 and, therefore, \$272,000 of the retained earnings are not readily available to the shareholders of Newco Financial Corporation.



## AUDITORS' REPORT

The Shareholders,  
Newco Financial Corporation:

We have examined the consolidated balance sheet of Newco Financial Corporation as at December 31, 1980 and the consolidated statements of income and surplus for the year then ended. Our examination of the financial statements of Newco Financial Corporation and those subsidiaries of which we are the auditors was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the determinations certified by the Life Assurance subsidiary's valuation actuary as to the actuarial liabilities under insurance and annuity contracts. We have relied on the report of the auditors who have examined the financial statements of subsidiary companies.

In our opinion, based on our examination and the opinion of the valuation actuary, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1980 and the results of its operations for the year then ended in conformity with accounting policies described in Note 1 to the financial statements applied, after giving retroactive effect to the change in the method of accounting for the earnings of a subsidiary company as explained in Note 7 to the financial statements, on a basis consistent with that of the preceding year.



Chartered Accountants  
Vancouver, B.C.,  
February 14, 1981.

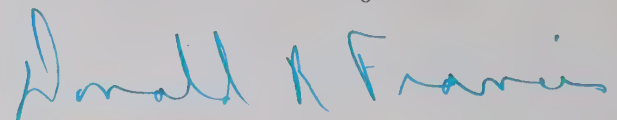
## VALUATION ACTUARY'S REPORT

The policy holders and shareholders

I have made the valuation of policy contract liabilities of The North West Life Assurance Company of Canada for its balance sheet as at December 31, 1980 and its statement of income for the year then ended. In my opinion, the valuation conforms to the Recommendations for Insurance Company Financial Reporting of the Canadian Institute of Actuaries.

In my opinion, the amount held for liabilities under policy contracts makes proper provision for the obligations

payable in the future under the companies' policies and a proper charge on account of those liabilities has been made in the statement of earnings.



Donald R. Francis, F.S.A., F.C.I.A., M.A.A.A.  
Executive Vice-President  
and Chief Actuary  
Vancouver, Canada  
February 14, 1981



**Newco's Senior Executives  
are forecasting continued rapid growth for  
the Company**



(l. to r.) Gordon G. Ropchan, Vice-President — Mortgages North West Life; Arthur W. Putz, President Citizens Trust Company; Donald R. Francis, Executive Vice-President North West Life; Peter G. Ropchan, Chairman and President Newco Financial Corporation; Hugh J. McKay, Vice-President — Finance; Donald J. Ropchan, Executive Vice-President & Treasurer Newco Financial; John W. Long, Secretary

## EXECUTIVE VICE-PRESIDENT'S REPORT FOR THE NORTH WEST LIFE ASSURANCE COMPANY OF CANADA



It is my pleasure to report on the activities and performance of Life Operations during fiscal 1980.

Even judged by the very high standards we have set for ourselves in the past, 1980 was a year of spectacular growth for Life Operations. We have perhaps become too easily accustomed to news of record levels being reached, of optimistic targets being set and then surpassed.

However, we should not lose sight of the fact that these accomplishments are achieved in a vigorously competitive marketplace by reason of innovative product development, superior administration, and salesmanship of a very high order. And results of this calibre can only be sustained by the continued application of these fundamentals.

Two significant milestones were reached in fiscal 1980 and then surpassed. In the early weeks of the year, as we recorded in our last report, North West Life reached one billion dollars of life insurance in force. However, we did not rest on our laurels. By year-end this figure had grown to \$1,235,091,000 for a 27% increase over the previous year. To place these results in perspective, this figure represents four times the volume we were reporting only five years ago. We share the President's optimism that Life Operations can reach two billion dollars of life insurance in force by 1983.

The second major goal — over \$100,000,000 in assets — was reached before mid-1980. By year-end this figure had grown to \$119,231,000 for a \$42,000,000 increase, or 55% more than last year. These assets generated investment income of \$10,638,000 versus \$6,442,000 in fiscal 1979. Again looking back, we now administer assets six times larger than we did five years ago.

Premium income from Life Operations also showed a very healthy increase of 78%, from \$27,142,000 in 1979 to \$48,449,000 in the year under review. Premium income is a particularly significant yardstick because it measures not only the growth of Life Operations but also the acceptance enjoyed by our products in the marketplace. Our strategy has consistently been to develop people-oriented policies of the best possible value and to challenge the unchanged, unchanging concepts of the old-line companies. The new high levels we have achieved in premium income reflect both the success of that strategy and the excellence of our sales organization.

Our trend-setting products continue to lead in the marketplace. For example, North West Life originated one of the first, and the best, non-smoker term plans available in Canada. It has enjoyed widespread acceptance. Similarly, our 'new money' policies are proving to be highly successful in both Canada and the United States.

It is satisfying to look back and see a consistent upward pattern on the graph of our progress. However, the past is only a launching pad, and we confidently expect the next five years to bring equally dynamic growth. We anticipate being able to look back five years hence and review increases of up to ten times our current levels. We have the products and the people to do so; we have the ability; and, equally important, we have the will.

Donald R. Francis,  
Executive Vice-President



# Balance Sheet

## The NORTH WEST LIFE

### Assurance Company of Canada

(Incorporated under the Canadian and British Insurance Companies Act)

As at December 31,	1980	1979
<b>Assets</b>		(Restated)
Bonds . . . . .	\$ 29,973,048	\$ 21,365,144
Stocks . . . . .	3,571,079	1,464,713
Mortgage loans on real estate . . . . .	50,398,951	38,592,980
Real estate property held for resale . . . . .	2,892,505	505,462
Policy loans, secured by cash surrender values . . . . .	13,866,111	7,105,311
Cash and short-term deposits . . . . .	11,528,406	2,607,244
Insurance and annuity premiums in course of collection . . . . .	447,743	390,072
Investment income due and accrued . . . . .	2,594,529	1,436,512
Segregated fund assets . . . . .	1,442,012	1,251,307
Fixed assets less accumulated depreciation of \$467,652 (1979-\$308,533) . . . . .	626,884	652,622
Other assets . . . . .	1,890,663	1,307,329
	<b>\$119,231,931</b>	<b>\$ 76,678,696</b>
<b>Liabilities</b>		
Policy reserves . . . . .	\$102,696,294	\$ 62,248,791
Other obligations to policyholders		
Policy dividends left on deposit and premiums paid in advance . . . . .	2,583,205	2,531,728
Provision for policyholders' benefits . . . . .	4,076,635	3,145,199
Other accounts due and accrued . . . . .	2,862,579	2,878,054
Segregated fund policy liabilities . . . . .	1,236,012	1,048,507
	<b>113,454,725</b>	<b>71,852,279</b>
<b>Capital stock and surplus</b>		
Capital stock		
Authorized		
500,000 common shares, \$2 par value		
Issued and fully paid		
383,541 common shares . . . . .	767,082	767,082
Surplus . . . . .	5,010,124	4,059,335
	<b>5,777,206</b>	<b>4,826,417</b>
	<b>\$119,231,931</b>	<b>\$ 76,678,696</b>

Approved by the Directors

**Peter G. Ropchan** DIRECTOR  
**Gerald T. Corlett** DIRECTOR

**Department Managers administer some of the most innovative plans in the industry.**



(l. to r.) Gordon Robinson, Controller; Kathy Burton, Assistant Vice-President/Systems; Roger Bush, Director Policyholder Service; Bob Condon, Internal Auditor.



(l. to r.) Tom Price Manager, Agency Administration; Warn Noseworthy, Reinsurance Manager; Harry Robinson, Superintendent of Agencies; Dennis Sallaway, Superintendant/Underwriting.



# **PRESIDENT'S REPORT FOR CITIZENS TRUST COMPANY AND CONTINENTAL ESTATES CORPORATION LTD.**



Trust and mortgage investment activities made a substantial contribution to the overall success of Newco Financial Corporation during fiscal 1980.

It is my pleasure to report on those activities.

The expansion of Newco Financial Corporation has always followed the concept of providing a complete range of financial services to its clients. This concept moved closer to realization with the acquisition in October, 1978 of Continental Estates Corporation Ltd., a mortgage investment company, and the granting of a Certificate of Registry to Citizens Trust Company on January 30, 1980. While regulations do not permit merging Continental into Citizens, the activities of the former will be gradually absorbed over a five year period. In the meantime, both companies share premises and management. For this reason we are reporting on their combined operations.

Soon after commencing business, Citizens Trust expanded its sphere of operations by acquiring licences to operate in Alberta, Saskatchewan and Manitoba. This move created new sources of deposits not previously open to Continental and contributed importantly to our increase in deposits. In 1980, combined assets increased from \$33,484,000 to \$51,792,000 at year-end, a growth of 55%. The growth of net income kept pace with an increase of 47% in the same period.

The company's principal source of funds is the sale of Guaranteed Investment Certificates of between 60-day and five-year terms. Savings accounts are also available for those clients who do not wish to commit their funds to a fixed term contract. By offering competitive interest rates and fast, efficient service, we are able to compete successfully against the older and more established trust companies.

Our competitive rates are contingent upon earning an adequate return from our own investments. These consist primarily of mortgages offering both interim financing and one-to five-year terms. During the year under review, our mortgage portfolio increased by 47%, from \$30,680,000 in 1979 to \$45,019,000 at December 31, 1980. In marketing mortgages we can compete effectively, yet be assured of a satisfactory rate of return, by offering quick decisions and prompt processing.

As a full service trust company, Citizens will enjoy a much broader scope than its predecessor, and planned diversification into new areas of business will further enhance our opportunities for growth. Incorporation did not come early enough for us to take advantage of the 1979-80 Registered Retirement Savings Plan season; however, we were very active in this market during late 1980 and early 1981, and we were also able to market a reasonable volume of income averaging contracts.

The formation and early growth of a company is a testing time. However, the results recorded in this report confirm that we have been particularly fortunate in the recruitment of qualified, experienced and committed employees. I wish to express my personal appreciation to all staff members. In becoming a harmonious team so rapidly, they have laid a secure foundation for the continued growth of the company. Expansion and diversification will continue to challenge them — and, I hope, reward them.

Arthur Putz,  
President

# Combined Balance Sheet

## Citizens Trust Company and Continental Estates Corporation Ltd.

As at December 31,	1980	1979
<b>Assets</b>		
Cash and short term deposits .....	\$ 4,217,504	\$ 1,974,206
Accounts receivable .....	210,829	53,212
Prepaid expenses and deferred charges .....	68,423	6,136
Mortgages receivable .....	45,019,821	30,680,947
Investment — preferred shares, at cost .....	2,219,121	707,994
Office equipment .....	56,331	61,088
	<u>\$51,792,029</u>	<u>\$33,483,583</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities .....	\$ 34,394	\$ 25,123
Other deposits .....	835,948	258,789
Income taxes payable .....	55,377	126,201
Guaranteed Investment Certificates .....	26,456,719	—
Debentures .....	10,844,254	16,923,014
Savings Certificates .....	9,531,899	14,059,193
Deferred income .....	127,029	115,168
Deferred income taxes .....	265,897	229,584
	<u>\$48,151,517</u>	<u>\$31,737,072</u>
<b>Shareholders' Equity</b>		
Capital stock .....	\$2,450,158	\$ 700,158
Retained Earnings .....	1,190,354	1,046,353
	<u>\$ 3,640,512</u>	<u>1,746,511</u>
	<u>\$51,792,029</u>	<u>\$33,483,583</u>



# DIRECTORS AND OFFICERS

March 15, 1981

## **NEWCO FINANCIAL CORPORATION**

### **Directors and Officers**

Peter G. Ropchan  
Chairman & President

Gerald T. Corlett  
Consultant

Harvey J. Grey, Q.C.  
Barrister & Solicitor

Dr. Ernest A. Johnson  
Physician & Surgeon

Donald J. Ropchan  
Executive Vice-President & Treasurer

H. J. C. Terry  
President,  
Potter Distilleries Ltd.

George, D. Wilkinson  
President,  
Wilkinson Industrial Consultants Ltd.

### **Other Officers**

Hugh J. McKay  
Vice-President, Finance

John W. Long  
Secretary

### **Home Office**

1200-595 Howe Street  
Vancouver, B.C., V6C 2T5  
Canada

### **Registrar and Transfer Agent**

The Canada Permanent Trust Company,  
Vancouver, B.C., Canada

## **The NORTH WEST LIFE Assurance Company of Canada** **Directors and Officers**

Peter G. Ropchan  
Chairman & President

Donald J. Ropchan  
Senior Vice-President & Treasurer

Harvey J. Grey, Q.C.  
Barrister & Solicitor

Henry L. Jamieson  
Chairman, The Franklin Group of Funds

Ralph J. Leonard  
Retired

Daniel MacDermid  
Business Executive

H. J. C. Terry  
President, Potter Distilleries Ltd.

Gerald T. Corlett  
Business Consultant

Dr. Ernest A. Johnson  
Physician & Surgeon

George A. Wilkinson  
President,  
Wilkinson Industrial Consultants Ltd.

### **Other Officers**

Donald R. Francis  
Executive Vice-President

Hugh J. McKay  
Vice-President, Finance

John W. Long  
Secretary

Gordon G. Ropchan  
Vice-President, Mortgages

### **Bankers**

The Toronto Dominion Bank  
Vancouver, B.C.

### **Shareholders Auditors**

Touche, Ross & Co.  
Vancouver, B.C.

## **CITIZENS TRUST COMPANY** **Directors and Officers**

Peter G. Ropchan  
Chairman

Donald J. Ropchan  
Vice-Chairman

Arthur W. Putz  
President

Gordon G. Ropchan  
Treasurer

Gerald T. Corlett  
Consultant

Dr. Ernest A. Johnson  
Physician & Surgeon

George A. Wilkinson  
President,  
Wilkinson Industrial Consultants Ltd.

### **Other Officers**

John W. Long  
Secretary

### **Home Office**

1110-595 Howe Street  
Vancouver, B.C. V6C 2T5  
Canada

### **Other Subsidiaries of Newco**

NW Investments Ltd.  
NW Growth Investments Ltd.  
Continental Estates Corporation Ltd.  
NW Fund Management Ltd.  
Distributors of  
NW Canadian Fund Ltd.  
NW Equity Fund Ltd.  
Newco Printing Ltd.  
Newco Realty Ltd.  
NW Leasing Ltd.



**NEWCO  
FINANCIAL  
CORPORATION**



LITHOGRAPHED IN CANADA

